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CANADA'S PUBLIC BROADCASTING SERVICE

ITS ATTITUDE, OUTLOOK, AND GOALS FOR THE FUTURE



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I. Introduction

For a generation or more now, Canada has had a public broadcasting service. As the Fowler Committee stated in its 1966 Report, the Canadian Broadcasting Corporation, as the instrument of public policy in broadcasting, has consistently sought to achieve a number of basic objectives in such fields as coverage, language services and programming. It has striven to maintain high standards of excellence in the technical and technological fields; and it has tried to recognize its obligation to awaken within the Canadian body politic a sense of our own identity and a realization of the need to resist the unhealthy excesses of cultural encroachment from abroad.

There is discernible, down through the years, a pattern of consistency in the Corporation's efforts to achieve its goals. Fowler, for example, identified, in the programming area, four fundamental objectives for the Canadian national broadcasting system; a wide and varied choice of programs; high quality in programming; a constant awareness of the great influence which broadcasters exercise on individuals and on society; an equally keen awareness of broadcasting's national responsibilities and its obligation to awaken Canadians to Canadian realities. All of these are recognizable today, as they were 30 years ago, as governing canons of the Corporation's activities in the programming field. Opinions may vary as to the success that is achieved in ensuring that individual programs conform to these objectives; but there would probably be a wide measure of agreement that, in the overall, these goals have been sought with reasonable consistency, and, to a reasonable extent, successfully achieved.

Similarly the Corporation's efforts in other areas such as coverage, language services and resistance to outside cultural influences have been characterized by a consistent attention to certain national objectives throughout the Corporation's history. Over the years, the Corporation, first in radio, and later in television has sought to expand its primary coverage, through its own stations as well as through privately-owned affiliates, to the total Canadian population. The degree of its success can be measured by the fact that its French and English network facilities, in radio and television, today reach 95% or more of Canada's population. On the score of language services, too, the Corporation through its French and English language programming, and particularly in recent years through its extension of French language services to parts of Canada previously unreached, has done as much as, if not more than any other Canadian institution to bring home to Canadians the facts and the realities of our bilingual, bicultural co-existence within a Canadian nation-state. Finally, despite certain back-slidings as commercial needs gave an un-Canadian cast to quantities of our prime-time programming, the main thrust of CBC programming throughout its history has been directed towards the assertion, and the constant re-affirmation of our distinctive Canadian identity. Radio has not in recent years presented a serious problem in this connection; both French and English radio services are indisputably Canadian in content and in character.

When it comes to television, language has made it automatically easier to achieve and maintain an authentic Canadian identity in our French service programming; so far as the English side is concerned there have been times when it seemed that the CBC, in its efforts to assert our distinctive Canadian identity and to demonstrate that we were not

Americans was anti-American in attitude. However, despite temporary and occasional aberrations and shortcomings the basic thrust has been towards a distinctive and recognizable Canadian attitude and outlook, affecting and colouring most of the programming produced in Canada by Canadians for Canadians.

But while consistency in striving to achieve basic goals and objectives is undoubtedly desirable, it must be recognized that the goals and objectives themselves may be modified by the events of the years through which the Corporation has lived. Many elements in the Corporation's mandate have remained unchanged through the years. Some have been altered, others added, - the directive to contribute to the strengthening of national unity being the most critical of these. How does the Corporation propose to respond to these new requirements, - to the new demands that will be made upon it by its changing mandate, and the changing history which it seeks to serve?

The following pages attempt to reveal some facets of the Corporation's attitudes and postures, as it seeks to respond to the new, as well as the continuing demands that are made upon it.

II. The Institutional Role of the CBC

The CBC has, from the early years of broadcasting in Canada, been the cornerstone on which the national broadcasting system has been established. Ever since the Aird Commission, and the subsequent decision to establish a public broadcasting service, similar to the BBC, Canadians have accepted, without serious question, the need to maintain a state-owned broadcasting service. The institution known as CBC was created partly to ensure that control of the Canadian airwaves remained in Canadian hands and that broadcasting in Canada served the needs and interests of Canadians;

partly also to ensure that broadcasting services were made available to elements of the Canadian population thinly scattered over remote geographic areas, whom it would be unprofitable to attempt to serve through private enterprise. Not less important, though perhaps not recognized as clearly then as now, was the need to provide through a public institution a kind of service which no private agencies could realistically be expected to provide, - namely, a broadcast service in the appropriate official language, - to minority groups of the population, - whether they be English-speaking or French-speaking, - wherever they existed throughout Canada.

In substantial degree, these objectives for which the CBC was created have now been accomplished. Additionally, a large number of private radio and television stations have come into being, serving the main centres of population. In the view of some, at least, the further growth and expansion of a healthy private broadcasting industry in Canada, capable of serving, through standard transmission methods, cable and satellite, all - or almost all - of the population, is being hindered by the continued existence of the public broadcasting service. Has the time come when the public corporation should be disbanded, - disposed of in toto or piecemeal to private broadcasters? Or failing that, should its role in the total Canadian broadcasting system be substantially altered, and if so, in what way?

It has been suggested that the physical facilities belonging to the public corporation, - transmitters and other physical assets, - might be disposed of by sale to private operators, leaving the CBC to concentrate its efforts in the program production field, producing programs which the private broadcasters could use, either on a compulsory or a voluntary basis.

It has been suggested that the CBC should "liberate" all the private stations now affiliated with it and required by the terms of their agreement to broadcast a minimum number of hours of CBC programming, constituting the national broadcasting service. These stations on disaffiliation would then be free to go their independent way, to form private networks of their own or to join existing private networks; in any event, they would be freed of any responsibility for carrying the national broadcasting service or CBC programs.

It has been suggested that CBC should be required to divest itself of its stations in the main centres of population, - the viable market areas which are capable of sustaining one or more private stations, - retaining only as a public responsibility those CBC stations serving communities or areas where commercial broadcasting is not a viable enterprise.

Anyone of the changes proposed above would alter fundamentally the character of the Canadian broadcasting system as a whole, and especially the role and functions of the CBC. The Corporation does not consider that any of these suggested alterations in the institutional role of the Corporation would be in the long-run public interest. For one thing, the experience of the National Film Board demonstrates the difficulties faced by a program-producing agency which lacks direct access to any distribution facilities of its own. For another, very few of the private stations affiliated to the CBC are situated in the lucrative market areas, and consequently few would have the means to produce programs adequate in quantity and quality to replace those lost through disaffiliation. As for the third suggestion, should the CBC be required to divest itself of its stations in the main centres of population, it would to all intents and purposes cease to be a national broadcasting service, since it would cease to serve approximately two-thirds of the population of the country.

One other suggestion that would alter fundamentally the Corporation's role in Canadian broadcasting deserves comment here. The argument is advanced from time to time that the Corporation's essential role, and the program area in which it performs the best, is in the information field, - news, public affairs and documentaries treating in depth the manifold issues facing Canadians in the changing world around them. The Corporation has been less successful, some would contend, in the fields of variety and light entertainment; its efforts in these program areas do not measure up to the smooth professional standards of the best US productions with its wealth of Hollywood and New York talent, and in any event, this kind of programming, by its very nature, can best be left to private enterprise, show business and commercial broadcasting.

This argument, followed to its logical conclusion, would have the Corporation abandon its efforts to program in such fields as variety, situation comedy and light entertainment, concentrating its efforts on what it is alleged to do best, - news, public affairs, documentaries and possibly serious music and drama.

The Corporation does not believe that it should limit its efforts to specific areas of programming, as suggested in the foregoing. To do so would be to depart from the requirement set out in its mandate, contained in the Broadcasting Act, that the national broadcasting service (i.e. the CBC) should provide a "balanced" program fare of information, enlightenment and entertainment to meet the widely-varying tastes of all ages, classes geographical and other groups, in fair proportion. The mandate, as enshrined in the Broadcasting Act is a good one; the CBC believes in it and supports it fully. It does not wish to see it tampered with in any major respect.

It must not be forgotten in this connection that there are many sections of the country where the CBC service, especially in the field of television, is the only service available; in other areas served by CBC's privately-owned affiliates, the only significant Canadian programming broadcast over these private stations, apart from their own locally-produced newscasts, is that which is provided by the CBC. Variety and light entertainment programs are among the most expensive to produce, and very few local stations have the resources to produce them.

If the CBC were to accept the suggestion that it should vacate the variety and light entertainment fields, the result would be either (a) an unbalanced program fare for most of the areas covered by CBC stations and CBC affiliates; or (b) restoration of the balance created by CBC's withdrawal from these fields through the importation of low cost mass-produced US programs. In either case, it would mean a critically serious blow to the Canadian talent pool of writers, singers, actors, musicians and creative artists generally. The payments made by the CBC for creative talent in the fields of variety and light entertainment run to millions of dollars yearly, - far in excess of the talent fees paid by all other Canadian radio and television broadcasting enterprises combined. It would be unrealistic to expect that, if CBC were to withdraw from these program fields, comparable sums of money would be made available from private sources to sustain the Canadian talent pool. It is a literal fact that the healthy survival and growth of the Canadian talent pool, in variety and light entertainment and in other fields as well, is critically dependent on the continuing support which is now forthcoming from the Canadian Broadcasting Corporation's program production activities.

In the Corporation's view anyone of the suggestions offered as to changes in the CBC's institutional role would have the effect, in the

long run, of diminishing the amount of meaningful Canadian programming, broadcast by Canadian television stations. Historically, private stations completely independent of the CBC have relied most heavily on U.S. sources for their program requirements. Next to them have come the CBC affiliated private stations. Among all broadcast entities in Canada, the CBC has been pre-eminent in the production of Canadian programming. If the encouragement of Canadian talent, and if Canadian programming is to remain a cornerstone of Canadian broadcasting policy, this is not likely to be achieved by any diminution of the Corporation's place as an institution in the Canadian broadcasting scene.

III. CBC Policy on Coverage and Extension of Service

The Corporation, in setting its priorities and objectives, has consistently maintained the extension of coverage to all Canadians high on the list. It has sought to achieve extended coverage in two ways, - through adding to the number of its own stations, and through linking to its networks, private affiliated stations in areas not covered by the Corporation itself. The Broadcasting Act requires the Corporation, as the national broadcasting service, to extend coverage in both official languages to all Canadians "as public funds become available". While the Act is not specific in saying so, the Corporation has interpreted this directive as meaning that each community in Canada is entitled to receive both radio and television services, and both of these services in the two official languages, as public funds become available.

The government of Canada underlined the importance to be attached to the question of primary coverage when it gave to this objective first priority in its White Paper of 1966. The Corporation has accepted this and endeavoured to work towards the goal of complete coverage within the limits of its annual capital budget, and to the extent permitted by

other demands and prior commitments on its capital resources.

As it happens, during the early part of the 1960's, firm commitments were given in writing to the civic authorities of Montreal and Vancouver to proceed with comprehensive consolidation projects by certain specified dates. These projects in particular, together with one involving rehabilitation of the International Service transmitters at Sackville, N.B., (committed in the 1966 White Paper) and the acquisition of facilities from private broadcasters in Regina - Moose-Jaw, Charlottetown and Windsor, have seriously limited the ability of the Corporation to free enough funds in its capital budget to enable it to close the "coverage gap" to any significant extent. High interests rates charged on governmental loans during recent years and the 1970-71 "freeze" on the Corporation's budget have also had an inhibiting effect on the Corporation's coverage extension activities.

The stated objective of the Corporation in the coverage field is to provide to every community of 500 persons or more, radio and television services in the official language spoken by the people of that community. Recent surveys have established that while fewer than 250,000 Canadians lack radio - television service completely, some 650,000 English-speaking Canadians and 400,000 French-speaking Canadians still lack primary television service in the official language of their choice. Some 135 English, and 68 French-language "communities" of 500 population and over have been identified in different parts of Canada which are not as yet served by television in their own language. The number of communities lacking French or English radio services (36 and 84 respectively) brings the total of "unserved" communities above the figure of 300.

Other special problems, involving capital expenditures to meet specific local situations, will also have to be met within the very near future.

Parts of Nova Scotia now receive their television service only from New Brunswick. North-eastern New Brunswick (French) is served only by affiliates located in the Gaspé. New Brunswick itself remains the only province lacking an English-language CBC station. A large part of North-western Ontario presently receives its only service from Winnipeg. More and more, the television viewer and radio listener is expecting, - and demanding, - in addition to a national service, a provincial service, with programming geared specifically to the events and issues of his own province. He is not content to receive the weather reports, election results, etc, intended primarily for a region or a province other than his own, while being cut off from events and happenings of major importance in his own province.

The costs of extending service to the still unserved pockets of population referred to above, together with the costs of providing services on an intra-provincial basis in the areas mentioned, are estimated at approximately \$49 million.

The Corporation, in its Five-Year Capital Forecast, estimates that in the years 1971-76, due to other demands, prior commitments, etc, (consolidation, Sackville, alternative service demands) it will be able to reduce the coverage deficit, (the total cost of which is estimated at \$49 million) by approximately \$22 million. At present rates of progress, it will take until the end of the 1970's even under the best of circumstances, to eliminate the deficit altogether.

Tentative studies recently undertaken by the Corporation suggest that of the 203 "communities" still unserved by television, almost three-quarters can probably be served more economically off-air or by microwave, leaving one-quarter which can only be reached via satellite.

While this break-down must still be treated with caution, because of the impossibility at this stage of making true cost comparisons of microwave and satellite distribution to these localities, it does suggest that a major portion of a coverage completion program could be initiated immediately, if funds were made available, without waiting for the satellite to attain operational status in 1973.

The Corporation estimates that to complete within a five-year period coverage of the 323 locations presently unserved (203 television, 120 radio), the following capital and operational funds will be required:

	<u>Capital</u>		<u>Operating</u>
	Already in the Capital Budget (millions of Dollars)	Additional Required	Annual
Year 1 (1972-73)	5.5	---	1.6
2	4.5	4.7	2.6
3	5.0	5.8	2.9
4	4.1	7.9	3.2
5	3.1	9.9	5.4
Total	22.2	27.3	15.7

It will be evident from the foregoing that a special non-lapsing capital appropriation of \$27 million (provided preferably by way of a grant, not a loan,) will be required to enable the Corporation to achieve the desired objectives of substantially completing coverage to unserved communities and providing intra-provincial service within a five-year period or less. Operational costs would be additional to those included in the future years forecasts presented to Treasury Board.

Within any special appropriation that might be made, as suggested, - and indeed within the capital budget generally, - first priority must of course continue to be given to the completion of the French Television network to the point where it can be recognized as a truly nation-wide,

rather than an enlarged provincial service, capable of serving French-speaking Canadians on a nation-wide basis, from coast to coast.

While the need for completion of French-language television coverage has been stressed in the foregoing, the unusual position of French-language radio services in the Prairie provinces also requires attention. The French-speaking communities of these provinces have carried for years, with modest help from the Corporation, the financial burden of their own community radio stations. The Corporation's plans for extension of full-time coverage include the acquisition of these four stations (St. Boniface, Gravelbourg, Saskatoon and Edmonton) at an early date. It is not considered that the French-speaking citizens of the Prairie provinces should be required any longer to carry from private resources the financial burden of maintaining a service which is provided at public expense for their English and French-speaking compatriots in most other parts of Canada.

It must, of course, be remembered, that while first priority is being given to completion of primary coverage and extension of French network services to all provinces in radio and television, other pressing capital requirements remain to be met. Preparations for the advent of the satellite will involve the Corporation, quite apart from Telesat, in several million dollars of capital and operating expenditures. Consolidation in Montreal (now approaching completion at a cost of close to \$70 million) and at Vancouver, about to get under way at a cost of \$21 million, will have to be followed by consolidation in Toronto. Toronto operations are now dispersed over a dozen or more separate locations, contributing significantly to avoidable inefficiency. It will take an amount comparable to the cost of Montreal consolidation, to place the Toronto operation in a position to carry on its work in effective fashion over the next quarter century or more.

The Corporation's AM radio plant, its transmitter locations and the effective range of its signals all show signs of serious obsolescence, due to the fact that they are largely the product of the pre-television period in Canadian broadcasting (prior to 1952). They badly need to be up-dated. On the side of television, the Corporation has been able to complete little more than one-half of its conversion to colour. Alternative service, - a choice of channels, is also still an unfulfilled hope for millions of Canadians, despite the fact that the 1966 White Paper on Broadcasting, basing its declaration on the Fowler Committee's Report, acknowledged that alternative service was rapidly becoming one of the normal amenities of life for Canadians generally.

It is not suggested that any of these conflicting demands on the limited capital funds available on a loan basis to the Corporation should affect the priority to be accorded to primary service or to extension of French language services to all Canadians. It would be most unwise however to ignore the fact that these conflicting demands do exist; that they are costly demands in the requirements which they impose on the Corporation's capital and operating budget; and that they cannot be ignored or deferred indefinitely without risking a dangerous degree of plant and operational obsolescence and a significant increase in the inefficiency and ineffectiveness of the Corporation's essential operations.

It is not enough, however, for the Corporation to maintain as its objective the avoidance of plant obsolescence and the maintenance of a reasonable degree of operational efficiency. Broadcasting, at the present time, is facing a formidable array of technological changes, -

satellite transmission, cablevision, the cassette, and in the foreseeable future direct satellite-to-home distribution. Without being dazzled or overwhelmed by the gospel of the "wired city" the Corporation cannot afford, in the midst of changing technology, to freeze its capital plant or its patterns of operation into rigid or inflexible positions which would make more difficult required adjustments to new developments. Through its planning and engineering departments, and its associations with national broadcasting organizations in other countries, as well as leading international agencies (European Broadcasting Union, Asian Broadcasting Union, Commonwealth Broadcasting Conference, International Broadcast Institute) the Corporation is endeavouring to keep in close touch with all the major developments in broadcast technology of the future.

IV. Programming Policies

Physical plant and facilities do not, of course, constitute an end in themselves; they serve only as the means or the medium which carries the message, namely programming. What is the Corporation's role in the provision of program services? Does it have a special function and responsibility in the field of programming, arising from the fact that it is supported from public rather than from non-governmental funds? And how does it face the responsibilities, imposed upon it by its legislative mandate, with respect to such sensitive matters as program balance and diversity, editorial responsibility, Canadian identity, and national unity?

The answers to these questions take us back to the fundamental considerations which led to the establishment of the public broadcasting

service in the first place; they involve also an understanding and interpretation of those provisions in the Broadcasting Act of 1968, distilling the experience and accumulated wisdom of a whole generation of Canadian broadcasting, which constitute the so-called "mandate" of the Corporation. Differences arise in the interpretation of these historical factors and legislative provisions, depending on who is doing the interpreting. The Corporation can only give its own views and interpretation as to the nature of its programming responsibilities and how they should be carried out.

Of first importance is the fact that public broadcasting in Canada, to the extent of its entire capital and four-fifths of its operating budget is supported by the tax contributions of 22 million Canadians. It follows from this that the Corporation must provide in return a service that recognizes the universal character of its support base, - not only by constantly striving to extend its coverage so that all Canadians can tune in to CBC programming if they want to, but even more important by providing a variety and quality of programming that makes them want to tune in. It does little good, in terms of achieving the objectives for which the public broadcasting service was created if radio and television coverage is extended in both official languages to the last remote settlement in Canada, while at the same time fewer and fewer Canadians listen to or look at CBC programming. The last Canadian to receive the benefit of extended coverage is certainly a very important person; but of no less importance, in terms of achieving the goals of public broadcasting are the other 21 million or more Canadians who now have access to CBC radio and television. For them, - and for the last Canadian to receive eventually the "blessings"

of extended coverage, the important question is and will continue to be, not "Do I have radio and television service" but "What do I get in the way of radio and television programs from the public service I am helping to support?"

The Broadcasting Act, pursuing this to its logical conclusion, lays down the requirement of universality for the public corporation, - universality, not only in terms of coverage, language service, radio and television, etc, but universality in terms of the variety and comprehensiveness of the programming which the public broadcasting service is to provide. The national broadcasting service, provided by the CBC, is required to be a "balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportion". So Parliament has directed. The Corporation fully believes in this directive; and even if it did not, it could not depart from it, in the direction of more selective programming for minority audiences, in the abandonment of majority interests and tastes, or in leaving certain program areas (e.g. variety and lighter entertainment) to the private broadcasters, without first receiving from Parliament a clear new directive to this effect.

The second cornerstone of programming policy deriving from the reasons which brought the public broadcasting service into being in the first place is that it should be essentially Canadian in character, - owned by Canadians, operated and controlled by Canadians, utilizing Canadian creative skills and talents, reporting on Canadian and world events through Canadian eyes, reflecting essentially things Canadian. The originators of Canada's public policy in the field of broadcasting were evidently not convinced that the goal of an intrinsically Canadian broadcasting service could be achieved if the broadcasting function were

left exclusively to private enterprise. The American "pull" for private broadcasting would be too strong. The main burden of hope that Canada could maintain a separate identity in the communications world as represented by radio and later television rested on the creation of a publicly-supported service. It was in this faith that the Canadian Broadcasting Corporation was created and it is to this fundamental objective that it has adhered consistently through its history. The Corporation considers that its mandate to "provide for a continuing expression of Canadian identity", now enshrined in the Broadcasting Act is fundamental to its continued existence as a publicly-supported service and it continues wholeheartedly to pursue this objective in its programming to this day.

How does the CBC attempt to provide for a continuing expression of Canadian identity? The answer is that it does so in countless ways. Bilingualism and biculturalism are fundamental elements in the Canadian identity; the Corporation in the structure of its French and English broadcasting service is the embodiment of Canada's cultural duality. In reaching out to extend its coverage to all parts of Canada the Corporation provides a service more intimate, more direct, more personal for most Canadians than any other publicly-supported service except perhaps the post office. In the infinitely wide variety of its programming on radio and television, it cannot be denied that the Corporation is overwhelmingly Canadian, - Canadian sports, Canadian school broadcasting, Canadian news reporting, public affairs and documentaries, Canadian drama, music and writing. The programming on the French network speaks for itself; everyone accepts the fact that it is predominantly and authentically Canadian, - - it has no place else to turn. Actually the French network has had more difficulty than the English in meeting

CRTC's 60% overall Canadian content regulations. The problem of the English television network, on the other hand, has centred on its prime time American and commercial image; and this, in turn, has resulted from the fact that the English television service, in order to provide the Corporation with the needed additional funds to operate its services, has had to become, and has succeeded in becoming the principal bread-and-butter commercial provider for the Corporation as a whole.

Despite this fact, all networks and stations, French and English, radio and television have provided their viewers and listeners with a program fare that has been predominantly Canadian. Comments to the contrary, based upon scattered and casual viewing of the English television network principally during prime time periods, cannot contradict the demonstrable facts in this regard. Within the last year moreover, as a result of the Corporation's own decision and the CRTC's Canadian content regulations, the overall cast of programming on all networks and stations, - but on English language television in particular, - has become significantly more Canadian, significantly less American.

In the first three months of 1971, for example, Canadian content on English language television was never lower than 67.9% in prime time (6:30 - 11:30 p.m.) and 64.4% over the entire broadcast day. U.S. content in prime time was never higher than 25.6%, or 29.8% over the entire day. On the French network, Canadian content was never less than 68.9% (prime time) or 60.7% full time. U.S. content was never higher than 19.7% in any review period; French (European) programs never exceeded 11.5%.

The expression "Canadian identity" is seen essentially, at least in its originally-intended meaning, as connoting a complex of attitudes, characteristics, and outlooks on the world at large, -

a "culture" if you like, - that is distinguishable from the overwhelming and dominating "American" culture of the Anglophone North American continent. Those who have feared for the loss of our Canadian identity have feared its absorption, and disappearance into the maw of the American culture. In pressing for the assertion and strengthening of the Canadian identity, Canadians have expressed the conviction that Canadian institutions like the CBC, must be more Canadian and less American. The Corporation supports this thrust of national policy, is guided by its legislative mandate as set out in the Broadcasting Act and intends to strengthen increasingly in future years its reliance on Canadian talent, and ideas as the dominant element in its total programming.

The question was asked at the beginning of this section, - Does the fact of tax support affect the Corporation's responsibility in the field of programming, in a way that differentiates the public service from the private broadcaster? The answer that emerges from the foregoing paragraphs is that "In some ways, yes it does affect the nature of the programming responsibility". But does this apply to the areas of news and public affairs programming as well? Does the CBC have a different responsibility in the presentation of news, - particularly news emanating from government sources, federal and provincial, - than other privately-owned news media - broadcasters and print journalists?

In the Corporation's view, its role in the field of news-gathering and news dissemination is not affected in any essential way, by the fact that it receives the bulk of its operating funds from the public treasury. Admittedly, its position is unlike that of a newspaper publisher in one respect; it has or should have no editorial position on news events or public issues. However, in matters relating

to "hard" news, its judgements as to the selection of items, the amount of attention to be given to various items, the order of presentation, etc. should be essentially the same as those which would be exercised by private news or broadcast media. While its status as a publicly-supported agency imposes on it a special obligation to be neutral and impartial in its presentation of news and public issues, as well as a special requirement to excel in the depth and quality of its research and reporting, it cannot be considered to have any particular obligation to publicize governmental agencies or activities, arising directly or indirectly out of its receipt of public funds. Broadcasting the proceedings of Parliament raises somewhat different questions; this would be in essence a public service rather than a news reporting function in the strict context of news. The Corporation's personnel in the field of broadcast journalism, will be drawn from essentially the same source as personnel employed by private publishers and broadcasters, and should be required to apply no different criteria to the reporting of news events than they would if employed as professional journalists by a responsible privately-owned newspaper or broadcaster.

In the presentation of public policy issues on the other hand, the position of the Corporation is in some respects, at least, different from that of private publishers and broadcasters. It is widely recognized that the latter have the right to take editorial or even partisan positions, opposing or supporting the policies enunciated by the government(s) of the day, or advocating policies of their own in matters of public interest. The Corporation on the other hand does not have the right to do so; its obligation in the public affairs field extends in a totally different direction. It must do what it can to ensure that in discussions of public issues over its radio and television outlets all major, - and even important minority, -

points of view are given a fair opportunity to be heard. The public agency has a responsibility to provide a forum through which advocates of different points of view on public policy issues have a fair chance to express their opinions, to offer their solution and to express their opposition to alternative solutions proposed by others. In offering such facilities for the presentation of a partisan or editorial opinion, the Corporation cannot commit itself to support of such positions. Its function is to inform and enlighten through exposure of the diverse points of view of others; it is not to espouse causes of its own.

The Corporation cannot, of course, be merely a neuter element in contemporary society; it must do more than reflect in passive fashion the elements of change in the world around us. It has a responsibility to help interpret, integrate and rationalize those changes. As modern industrial society moves towards the post-industrial state, the forces determining public policy undergo significant alteration. Society becomes increasingly rich in human and technological resources; the very weight of these resources, enhanced by the democratisation of education, the increase in living standards, and the rising expectations which accompany these developments, tends to acquire an influence and importance of its own in the formulation of public policies. The critical mass of these resources, both human and technological, becomes in itself a powerful factor in influencing public policy development, and creates new sources of tension, new expectations and demands, new conflicting interests which are also agents of change in an increasingly pluralistic society.

It would appear that Canada, and in particular the province of Quebec, is experiencing such changes today. To take but one example, the spread of mass education in Quebec in the last 25 years, and the emergence

of a highly educated, highly skilled Francophone work force has undoubtedly been a major factor in the creation of tensions which are at work in Quebec society today, and which by their very presence exert a powerful influence in the determination of public policy changes which might not have come about, - or which would have come about more slowly, had it not been for the existence of these tensions.

In such a context what is the role of the publicly-supported broadcasting agency, responsible for providing programming in the fields of "information" and "enlightenment"? In the Corporation's view its role as a purveyor of information becomes more and more that of a "middleman", an interpreter, a catalyzing agent whose function it is to discover and reveal, or to assist in creating at least a minimal consensus on critical questions affecting our national life. It cannot assume a "leadership" role in the sense of guiding or directing public opinion towards a specific solution which it has determined in advance to be in the public's "best interests". Its responsibility is rather to help through its information programming to interpret, integrate and rationalize the changes resulting from the interplay of these dynamic forces within society.

The Question of National Unity.

It was not until the Broadcasting Act of 1968 was passed by Parliament that the Corporation became officially charged, under the law, with the duty of "contributing to the development of national unity". One of its major preoccupations during the past three years has been the proper interpretation of this directive. While it must be assumed that all agencies created by Parliament share implicitly this responsibility, there are no precedents to guide the Corporation in its interpretation of this statutory requirement, since no other agency, so far as is known, has been given such an explicit mandate in its governing statute.

The Corporation has endeavoured to discharge its responsibilities in this sensitive area in a number of different ways. Through its efforts in extending French language services to French-speaking communities outside of Quebec it has tried to give to these communities a greater sense of their own place in our bilingual, bicultural society; at the same time it has brought home to the English-speaking population in those areas served by these new French-language broadcast services, a realization and hopefully an appreciation of the "French fact" in Canada to an extent not previously understood. French-speaking Canadians in these communities, long cut off from the mother-lode of French language and culture in Canada have been given new hope of survival and growth, and a better opportunity for meaningful integration into the larger national community of French Canada. The one million French-speaking Canadians outside Quebec could well become an important element in reconciling differences between French and English-speaking Canadians. The importance of their crucial place in Canadian society, - linguistically and culturally part of the French element, geographically located in English Canada, - can best be recognized by the Corporation through the provision of broadcast services in their own language; and the Corporation through its policy of accelerated extension of French-language radio and television services is "contributing to the development of national unity" in respect to this important element in our population.

The Corporation is also endeavouring through its programming policies to bring to its viewers a panoramic view of many of those elements of Canadian life which are designed to bring Canadians of all languages and cultures closer together in common understanding. Through regional exchange programs, the living styles, the habits and customs,

the problems and opportunities, the economic resources, - and problems, - the tourist attractions of different parts of Canada are brought to the attention of viewers living in other regions. Program exchanges between French and English networks, - not too frequent in the past, but now increasing in frequency, - contribute to the objective of greater mutual understanding and appreciation. Extensive coverage of such events as the Canada Games and other major sports events, interchange of serious musical performances between regions and networks, programs such as Carmina Burana, Cinderella, Telescope '71 (Canadian personalities), d'Iberville, Vacation Canada, etc., all contribute not only to the volume and variety of Canadian content programming far surpassing any other mass medium in Canada, but also to the strengthening of those unseen bonds of common aspirations and common pride in accomplishment which reinforce our sense of belonging together and in that process establish more firmly our Canadian identity.

The Corporation's obligation to contribute to national unity and to strengthen our Canadian identity has been interpreted in the following terms in a brief presented in February 1970 to the Special Senate Committee on the Mass Media.

"The meaning of national unity cannot, of course, be determined as a matter of legislative definition; nor can it be determined really by a body such as the Canadian Broadcasting Corporation endeavouring as it does, to discharge a mandate placed upon it by the Parliament of the nation. National unity, in the final analysis, is a concept of nationhood that is determined by the people of the nation itself. The national broadcasting service must, however, interpret this concept as best it can, as it endeavours to discharge its mandate from day to day, and from year to year. In

doing so we must develop some fundamental concepts as to the meaning of the words which Parliament has prescribed for us - but has not defined.

First of all, then, we must believe in Canada as a whole; and we must believe in holding it together.

We must also believe that each part of our far-flung country is as precious to the concept of Canada as any other part. We must believe that the integrity of Canada is best preserved by creating, in every part of our land, an understanding and appreciation of the richness that is added to the fabric of Canadian life by the linguistic and cultural diversity which has been the distinguishing mark of our Canadian society during the first hundred years of its existence. We must endeavour, as a public broadcasting agency, to bring the "two solitudes" together and, more than that, to give to every region of this vast territory an understanding of its own place in the total Canadian society; a lively appreciation of the distinctive contribution which it is capable of making; as well as an awareness of the richness that is added to its own life, in its own part of Canada, by its close and intimate association with other regions. In all this effort communication stands as the inevitable key - communication between the different people and regions of our nation, maintained and strengthened, not only through the physical network of communications that we have built up across this country, - but especially through the content of the programs that are fashioned in Canada and fed as part of the living reality of our land through radio and television into the homes and lives of all Canadians".

The final question which must be faced relates to the Corporation's interpretation of its "national unity" mandate in what might be called the "political" area. Does the "national unity" mandate enshrined in the Broadcasting Act require the Corporation to take a position as between the wide range of political options under active discussion in Canada today? Does the fact of the Corporation's creation by act of the Parliament of Canada obligate the Corporation to present only those solutions to the political dilemma of Canada which are consistent with the view of Canadian federalism reflected by the federal Parliament? Anti-centralist, anti-federalist policies are advocated in many forums, of which the Quebec separatist movement is only the most obvious. Does national unity require the Corporation to "take a stand" on any principle or set of principles in dealing with these issues in its programming?

The view which the Corporation takes is that its "national unity" mandate does not require it to take any particular political position in this vexed area of federal-provincial constitutional relations; nor indeed would it be wise or proper for it to do so. The principle on which it stands must be the principle of free discussion and fair play. It must not openly favour any particular solution of Canada's central problem; equally it must not exclude from its airwaves spokesmen for any particular political solution, provided the solution, however radical, is based on commonly-held democratic principles and does not condone or resort to force as an instrument for the achievement of its goals.

It may be argued that in allowing political separatists to voice their views over the air, advocating the separation of Quebec (for example) from the rest of Canada, the CBC is helping to promote rather than to prevent the disintegration of Canada; and that in doing so it is therefore weakening rather than strengthening national unity.

On the other hand, should the CBC deny to separatist spokesmen the use of its broadcast facilities, or exercise its control over programming in any discriminatory fashion, it would, by that very fact be taking a position which challenges the firmly-held views of a significant proportion of the population of Quebec and would thereby "separate" even more clearly this "separatist" element from the majority of the Quebec and Canadian populations. Recent events have shown that there are not lacking in Quebec today individuals capable of rallying a fair degree of support from wide segments of the population, who are more than willing to don the mantle of discrimination, persecution and martyrdom. The Corporation must not help them to do that by arbitrarily denying them the use of the public airwaves as a vehicle for the airing of their views.

The only conclusion open to the Corporation, therefore, is to maintain, so far as possible an attitude of fairness, impartiality and objectivity in its programming relating to this central issue of Canadian life. It must endeavour to educate all segments of Canadian life to the reality of the separatist upsurge in Quebec, to its causes, and to its impact on the present and future life of all Canadians. Furthermore, it must do so, not through its own spokesmen and commentators if it is to remain objective but by presentation of the authentic, representative spokesmen of the democratic, constitutional separatist movement in Quebec. It must not give undue prominence to these spokesmen or to the expression of their views. It must be very conscious of the need neither to stifle the opportunities for dissenters to be heard, nor to build them up to a position in the Canadian scene which they could not have achieved otherwise.

In endeavouring to maintain and implement such a policy, the Corporation does not find it easy to achieve that degree of fairness, detachment and impartiality which is clearly desirable. Its management

believes that significant progress has been made in the past three years in achieving a better balance in the area of French-language news and public affairs programming. Supervision in the news area in particular has been intensified; a number of individuals have been relieved of their employment, not because they were separatists, but because they showed themselves unwilling or unable to reconcile their "outside" loyalties with their responsibilities as employees of the Corporation. Systematic, periodic analysis of news reporting on the French network has been instituted, in order to detect and correct any evident imbalance in the quantitative or qualitative coverage of news events. The same is now being done in the Public Affairs sector of the French network where serious imbalance has been established and corrective action taken. A similar process of analysis, diagnosis and corrective adjustment needs to be, and will be established for the English language information service as well.

There have been and will undoubtedly continue to be instances of clear departure from the objectives which the Corporation seeks to achieve in the fair treatment of news and public issues. The Management of the Corporation is determined to reduce so far as possible the occasions on which it can fairly be criticized for its failure to achieve a reasonable degree of objectivity and impartiality. The total accomplishment of this objective however is likely to wait upon the satisfactory political resolution by intergovernmental action of the problems which give rise to Quebec's (and Canada's) present political ferment.

V. The CBC and Commercial Activities

Although the CBC was created as an essentially public broadcasting agency, and has been supported primarily through public funds since its inception, it has not, even in the very early years of its existence, derived all of its revenue requirements from the public treasury. Even in the days of radio only, prior to the advent of television in 1952, the Corporation was encouraged by government and permitted by Parliament to accept commercial advertising. In fact CBC radio relied much more heavily on commercial revenues twenty years ago than it does today. The CBC's activity in the field of commercial advertising derived in part at least from its relationship with its privately-owned commercial affiliates, who clearly had to carry commercial advertising on their stations in order to survive. In addition, certain popular radio programs, such as Metropolitan Opera Broadcasts, Hockey Night in Canada, -- to name but two -- are owned by commercial interests and could only be broadcast if the broadcaster carried the accompanying advertising.

As television began in 1952, the system of financing then adopted, - license fees plus a special tax on television sets, - cushioned for a number of years the true impact of developing this new communications medium. By 1959 however, changes in the method of financing and the mounting expenses involved in developing this costly new medium greatly increased the pressures on the public broadcasting system to "go commercial" in a big way. The non-commercial posture recommended by the Massey and preceding inquiries gave way to the Fowler Commission's attitude favoring fuller exploitation of the revenue possibilities of commercial advertising by the CBC. Governmental reluctance to provide the rapidly increasing sums required to develop fully a nation-wide television service added to the pressures on the Corporation's Board of Directors. The result

today is that the Corporation depends on commercial revenues for approximately 20% of its gross budget, earning through advertising between \$35 and \$40 million annually for itself and its affiliates. The Corporation's commercial activities are under continuing pressure for expansion, not only because of its own financial needs, but particularly because of the constant pressures generated by its private affiliates who must have commercial revenues in order to survive. Treasury Board in its desire to minimize the Corporation's dependence on tax funds adds to this pressure; so does the private broadcasting competition, perhaps involuntarily, when it insists that the Corporation raise its advertising rates to higher levels, charge advertisers more for programs, - all of which tends to orient the Corporation more and more to the commercial market place, and away from its public service broadcasting mandate.

The resultant effect on the nature of Corporation programming is inevitable. If the Corporation is to compete with private commercial broadcasters for advertising revenues, if it is to carry on the back of its network a large number of marginal and weak affiliates, if it is to find a fifth of its own budget out of its commercial activities, it must obviously produce or acquire the types of programs which attract large audiences and consequently major advertising support. For advertising support is attracted, not by "good" programs, but by programs which attract mass audiences; and years of experience have now demonstrated that mass audiences of the kind that major advertisers are interested in, - mass audiences of the kind that attract important advertising revenues, - are most readily attracted by the kinds of programs that our private broadcast competition uses, - namely high expense but low cost (because widely sold) U.S. variety and light entertainment programs.

Within recent years, the opinion has been voiced increasingly that, in prime time viewing periods at least, it is no longer easy to distinguish the programming put out over the CBC network from that provided by commercial broadcasters, - because of the U.S. content, and, added to that, the frequency of commercial interruptions. In truth, it can readily be demonstrated that this is not a fair comment; in a typical week in April 1971 for example the local private station carried between the hours of 6:30 and 11:30 p.m. 38.6% of Canadian content programs, and 54.3% of US content. In this same week the local CBC station carried 65.7% Canadian content and 24.3% US content. These facts can be readily established; but in the circumstances it is the impression, and the comment, rather than the proveable statistical facts, that count. As it happens within the past year, the difference between private stations and the CBC has become more noticeable. The Corporation's decision early in 1970 to increase its Canadian content programming in prime time, taken together with the CRTC regulations on Canadian and foreign content have now made the CBC networks more easily recognizable as Canadian networks, in contrast to CTV which is still, by comparison, heavily laden with U.S. content. As a consequence of going more Canadian, the CBC has also succeeded, - without intending it, - to go less commercial; English network advertising revenues in the year 1970-71 have dropped by more than \$3 million below the record of the previous year.

What should be the Corporation's future posture in relation to commercial advertising? Should we endeavour to reverse the trend and resume the upward climb of advertising revenues? Should we continue to increase our Canadian content programming and reduce our dependence on foreign, - principally U.S. - material? This does not

necessarily mean a further drop in revenue for ourselves and our affiliates, but it runs a grave risk of doing so. Should the Corporation set as its commercial target, a stated percentage of the total advertising dollar available to broadcasters, as recommended by Fowler? Should it seek to achieve annually a uniform percentage of its own gross budget from advertising? Should it "freeze" its advertising revenue target at a fixed amount, say \$40 million annually and be content with that?

Should it completely abandon, - at one fell swoop, or by a phased withdrawal, - its commercial activities, leaving the task of providing commercial advertising availabilities in radio and television exclusively in the hands of private broadcasters? This has been suggested as a means of shoring up the weakening position of private broadcasters in the face of cable competition.

The Corporation's position is that it should not abandon the field of commercial advertising. Unless directed by Parliament to do so, or alternatively encouraged to do so by governmental assurances of increased financial support, - it intends to remain active in the field, at least so far as television is concerned. First of all, and most obviously, it needs the money. Secondly, and equally important, it cannot overlook the position of its privately-owned affiliates who in many instances could probably not survive without the support provided by CBC programming (provided free of charge) together with the revenues which CBC obtains for them through network sales. The 20% drop in revenues from network advertising revenues in 1970-71 has already caused our affiliates very grave concern. Thirdly, it may be argued, - and there is some validity to the argument, - that the CBC as a public service agency carrying advertising discharges an obligation

to the business community which wishes to advertise on the public network, as well as to the viewer who is not only a television watcher, but also a homemaker-consumer, a wage or salary earner and a prospective customer of the things which are advertised.

While the Corporation therefore intends to continue its commercial activities, it does not consider that it would be wise to go more strongly commercial than it is at the present time. Instead, as the Corporation finds it possible to change its program mix to include even more Canadian content and less foreign material, it may be that the result will be a stabilization of commercial revenues at or near to present levels. It is foreseeable that as Canadian content rises and foreign content declines, the upward trend of our commercial revenues will diminish, and may cease or even decline slightly. This result would not be too serious provided the year-to-year changes were gradual and replacement revenues could be found for the Corporation and its affiliates from other sources. But a sudden drastic reversal of the trend could have serious consequences for the Corporation's ability to maintain its present Canadian content program levels and could prove disastrous for at least some of our affiliates.

VI. Financial and Administrative Questions

The Corporation in its latest fiscal year ended March 31st 1971 cost the Canadian taxpayers slightly more than \$165 million, with another \$35 million contributed by way of advertising revenues, for a total of approximately \$200 million. To put it in another way, each of the 21.6 million Canadians in 1970-71 contributed about \$9.25 per annum (\$1.50 through advertisers, \$7.75 through taxes) to the support of the public broadcasting service. What did Canadians get in the way of value or return from this investment of public funds?

It is easy enough to offer a mechanical listing of the services provided for this annual per capita tax contribution of between two and three cents per day. Most Canadian homes had access, for most hours of the day and evening, to anywhere from 2 to 5 CBC broadcast signals, - French or English AM radio, French or English television, French or English FM radio. Not all of these were available to every household. In some areas the services were supplied by CBC owned and operated stations; in others, partial CBC services were supplied through the joint efforts of the CBC and its affiliated private stations. Relatively few homes in Canada, - perhaps 250,000 persons in all, - were completely beyond the reach of CBC or CBC - affiliate signals.

For good measure, the Corporation provided as part of its total package of services a short wave radio service to remote settlements in the High Arctic, an International Service (utilizing 26 different frequencies, 11 languages) and a special Service to the Armed Forces abroad (paid for by National Defence). For native persons in remote areas of the Canadian North, Northern radio services included programming in Eskimo, Cree and other aboriginal dialects, as well as in the two official languages of Canada.

On the basis of the foregoing catalogue, it is easy enough to say that, in the overall, Canadians must be getting reasonably good value for their modest annual per capita contribution. But all too often other, more critical yard-sticks of value and efficiency are applied. Frequent allegations are made that CBC is wasteful, extravagant, lavish in its use of staff and public funds, comparing unfavourably with the lean, efficient operations of its private competition. Where is the truth to be found in this? Is the CBC as efficient as its spokesmen repeatedly, - albeit somewhat defensively insist? Is it as inefficient as its critics often claim?

The truth, as usual, is probably somewhere in between the two extremes. Clearly, there have been and are inefficiencies within the Corporation's operations. These inefficiencies are due to a wide variety of factors, - the hectic improvised growth of television in the last 19 years; make-shift, dispersed accommodation and facilities; the wasteful pace of technological advance giving rise to premature obsolescence; thickening payroll costs arising from decades of collective bargaining with numerous unions and the consequent problems of divided union jurisdiction; entrenched costs of concessions to unions arising from earlier rounds of collective bargaining; weaknesses in management and supervision; the wasteful nature of the industry itself, with its borrowings from Hollywood, its "creative" artists, and its extravaganza complex. All these are factors which, each in its own way, contribute something to the criticism frequently voiced of the Corporation as an organization overloaded with staff, hamstrung by the unions, excessively rich in overly costly plant and facilities, top heavy in non-productive management and supervisory personnel, bogged down by its own inefficiency.

There is one other factor worth mentioning, - the "inefficiencies" imposed on the Corporation by public policy which requires it, - and rightly so, - to move its services into areas where service cannot be justified on any normal cost-efficiency basis; to subsidize - and heavily, - its numerous affiliates through program services and the absorption of connection and transmission charges; to establish and maintain, in different areas and regions of Canada, studio and production facilities which cannot possibly produce and utilize enough program materials to justify the investment in plant on economic grounds. Such a plant serves rather the interests of regional contribution to the total national service. Last but not least, the Corporation's annual budget reflects

the imperative need to provide French language services to the scattered Francophone communities throughout Canada outside Quebec, and conversely to the counterpart Anglophone minority groups in numerous areas of Quebec province.

Judged by the commercial standards of the market place these services could never be justified and could never be supplied if left to private broadcasting. The Parliament of Canada and the Canadian Broadcasting Corporation can and do justify and provide them on the grounds of public policy, in the national interest.

• Actually, the record of the past three years shows tangible evidence of improvement in the Corporation's use of both manpower and money made available for its annual operations. The Corporation today is maintaining and operating a larger number of stations and studios than ever before in its history; it is utilizing a longer mileage of land-lines and microwaves, more numerous transmitters, rebroadcasters, Frontier Coverage Packages and low power relay transmitters (LPRT's) than in any previous years; it is broadcasting more Canadian content programs, more total hours, into more Canadian households; and it is doing this with a smaller staff than it had three years ago when the new Broadcasting Act was proclaimed and the Corporation's new Board of Directors and management assumed their present responsibilities.

From an establishment in excess of 9400, the Corporation has now reduced its effective working force to slightly below 9000. It has done this under the pressure of its 1970-71 budget freeze which provided the Corporation with operating funds from the public treasury of \$166 million, - the same budget which it received in the previous fiscal year. Commercial revenues fell by between \$2 and \$3 million in 1970-71. The fact that the Corporation was able to maintain and extend its services, to increase its Canadian content, to meet the higher wage levels imposed

on it by collective bargaining agreements, to meet the generally higher costs of goods and services, - and all of this with a smaller staff and commercial revenues and allocations from the Treasury no larger than the year before must surely give some indication of tighter, and improved managerial performance compared to earlier years.

In the fiscal year ended March 31, 1968, the grant from Parliament to the Corporation, (including a special amount for International Service) amounted to just under \$144 million. Three years later, in the fiscal year ended March 31, 1971 the Parliamentary grant was \$166 million, the same as the previous year, - and the Corporation managed its affairs so as to live within its budget. This increase over a three-year period of \$22 million, amounting to 15% over all is actually less than 5% annually, - and this is a period when payroll costs through collective bargaining agreements were increasing at a rate of 6 - 10% annually, when costs of goods and services were rising approximately 4% per annum, and when approximately 100 new radio and television transmitters were added to the Corporation's broadcasting plant and placed in service. The unavoidable increases in cost related to the Corporation's annual operating budget, and arising from wage and price increases, the added operating costs of new installations, increased Canadian content, and increased capital and interest payments on loans are estimated to total not less than 10 - 12% per annum. The Corporation can point with some satisfaction to the fact that in absorbing these annual increases amounting to \$15 - \$20 million annually, at a net increase in actual expenditures of \$5 - \$10 million, the Corporation has saved through internal management economies and efficiencies not less than \$15 million annually, for a cumulative total of close to \$50 million during the past three years.

This, in the view of the Corporation's Board and senior management, is a record of performance in which the Corporation can justly take some satisfaction, and which the government should be ready to recognize. No one can say that the Corporation has begun to reach the limit of possible savings or further management efficiencies; but the evidence seems to be very clear that, steady and noticeable improvement has taken place, and that management of the Corporation's financial affairs is today on a sounder basis than it has been for some years.

In the personnel management field as well as in financial matters, the Corporation has also shown clear improvement. Not only has there been a significant reduction in the size of the Corporate establishment, amounting to close to 5%, - and this in the face of expansion of plant and services, - but wage and salary increases, - especially those related to collective bargaining, have been brought within more reasonable limits. When the present Board of Directors and senior management assumed their responsibilities, wage increases ranging as high as 9% per annum had already been locked into the collective agreement with the most powerful union. Weaker unions had already settled for substantially lower amounts. The first round of bargaining which the present management entered into in 1968-69 faced the necessity of making up to the weaker unions through "catch-up" adjustments, what they had lost in the previous round in order to maintain a reasonable degree of relativity. Only in the 1970-71 round of bargaining has management succeeded in concluding agreements which bring wage escalation for three of its unions, (including two of the largest ones) within reasonable limits; these three agreements provide roughly 7%, 6% and 5.5% adjustments over a three year period carrying forward to April 1, 1973. While further negotiations have still to be

completed, the Corporation's management is satisfied that its present record on matters relating to wage and salary management, as well as the use of manpower resources, can be compared favourably with the best to be found in the federal public service, and is well in line with the standards found in many industrial and commercial enterprises.

The Corporation has every intention, in future years, to maintain continuing pressure on its management at all levels to achieve further efficiencies in the use of staff and financial resources. Further savings can undoubtedly be made: but it is only fair to add the warning that these savings can only be expected to make a relatively small contribution towards offsetting the numerous other elements in the broadcasting picture which will have the effect of substantially increasing the Corporation's financial requirements. One of these has already been mentioned: the additional \$15.7 million which will be required annually to meet the operating costs (including interest and amortization) associated with the "completion of coverage" plan. Another major item of new annual expenditure will be incurred when the domestic satellite becomes operative in early 1973. This will add \$9 million annually to the Corporation's budget for rental of three channels on the satellite, and offsetting savings cannot be expected to exceed \$1.5 to \$2.5 million annually. The interest and capital repayment charges associated with annual borrowings of \$30 million to finance the Corporation's "normal" capital requirements, - completion of Montreal consolidation, Sackville rehabilitation, Vancouver and Toronto consolidation, completion of Windsor purchase, - will quickly send the total of this item (which has to be included in the Corporation's annual operating budget) up from less than \$15 million to over \$25 million. Wage and salary costs can be expected to go on increasing, though at a slower pace.

Additional staff will be required, despite every effort to avoid it, if coverage is to be completed. Increases in Canadian content hours will necessitate additional funds for programming.

These realities must be faced if the public broadcasting system is to be placed in a position to achieve the purposes for which it was created and to fulfil the commitments which have been made by it and on its behalf.

Reference was made in Cabinet Document 1140-70, submitted in September of last year, to a comprehensive study of radio services then being undertaken by the Corporation. This has now been completed. Its recommendations which have been accepted by the Board of Directors call for the establishment of a French FM radio network and the extension of the existing English net, making possible the rearrangement of programming along the lines of Radio 1 (AM, information and lighter entertainment) and Radio 2 (FM, music, arts and letters). Subject to CRTC approval, the Corporation plans to add some 14 FM stations to its facilities over the next 5 years, - the capital costs of which are only partially included in the Corporation's Five Year Capital Forecast.

Montreal's 1976 Summer Olympics are also certain to impose a heavy additional burden on the Corporation's capital and financial resources. As in the case of Munich (1972) and Tokyo (1964), it will be expected that the national broadcasting service (the CBC) will provide the physical plant and facilities necessary to enable broadcasters from over 100 countries of the world to report to the people of their respective lands events as they happen. It should be made clear that the Corporation

has not asked for this job. Apart from its natural desire to obtain the rights to broadcast these events to the people of Canada, it has taken no initiative with respect to the major question, - which is how to provide for the needs of all the broadcasting agencies throughout the world who will flock to Montreal to cover the events of Summer 1976. The number of participating countries will be about twice that of Expo 67; the number of participating broadcasters is likely to be three times as great. Whereas events at Expo extended over a period of six months, the Olympics will be concentrated in a three-week period, action packed and engaging a high pitch of excitement and interest throughout the world.

If the CBC is not to do the job, it will undoubtedly have to be turned over to one or other of the U.S. networks or to a syndicate of the more important broadcasting agencies throughout the world. It will hardly add to Canada's stature as a nation whose technology and skill is geared to the space and telecommunications age, if it has to face the prospect (as Mexico did in 1968) of turning over the international arrangements for broadcasting this important event to broadcasters from other countries.

Preliminary capital cost estimates, - chiefly for equipment and only partially recoverable, - run in the tens of millions of dollars, while operational costs are also likely to range between \$10 and \$20 million. No provision has been made in Capital or Operating Budget Forecasts for expenditures relating to the 1976 Olympics since there would appear to be a question of broad governmental policy here involved, - namely, the extent of federal financial participation and support for Montreal's commitment to the 1976 Olympics. But if any part of the broadcasting requirements of the Games are to be met by the Corporation, it will mean

that even heavier pressures will be placed on capital funds available and even greater difficulty will be experienced in meeting extension of coverage goals unless some special provision, as here suggested, is made to meet this objective.

A brief reference should be added, under the financial and administrative heading, to the Corporation's position in the area of procurement, - specifically the procurement of filmed or videotaped program materials. Within recent months, the Corporation has worked out a new agreement with the National Film Board, the effect of which will be to increase markedly the CBC's use of NFB materials in its French and English television programming. Under the agreement, the English network undertakes to procure from NFB suitable programs, if available, up to a total of \$390,000 in the year ahead; and this, added to the French network's prospective total of \$150,000, will bring CBC total procurement from the NFB well above a half-million dollars in the 1971-72 program year. Further discussions with NFB are taking place, designed to set out the lines which will govern the NFB-CBC relationship over a longer term.

With these discussions in mind, as well as in the hope that by a statement of its position in regard to film production and procurement generally, it may be able to contribute to the development of a co-ordinated film policy, the Corporation has developed the following policy statement to govern its activities in this important area:

Statement of CBC Policy on Film

- (a) in respect of its overall needs for filmed material and related services, the Corporation's objective is to maintain a fair balance between the alternatives of "make" or "buy", in order to ensure optimum flexibility in this area;
- (b) in the area of procurement, the Corporation recognizes the desirability of the broadcasting industry in general becoming less dependent on program materials of non-Canadian origin. Subject, therefore, to reasonable cost and quality considerations and consistent with its responsibility for editorial content in its programs, the Corporation sets as its objective the increasing use of Canadian program materials produced by itself, the National Film Board and private film makers;
- (c) in the area of production, the Corporation will direct its efforts towards a greater use of program materials produced and services provided by the National Film Board and private Canadian film makers - subject once again to reasonable cost and quality considerations and consistent with its responsibility for editorial content in its programs;
- (d) in addition to producing filmed material itself and utilizing program materials and services of the National Film Board and private Canadian film makers, the Corporation will, where circumstances favour this approach, collaborate with the National Film Board and/or private Canadian film makers in developing co-production or multi-lateral production arrangements.

